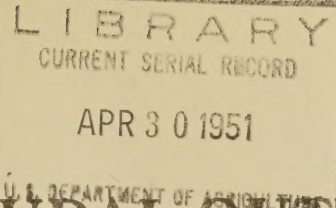


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The AGRICULTURAL OUTLOOK DIGEST

BUREAU OF AGRICULTURAL ECONOMICS, U. S. D. A.

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BAE

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Farmers are likely to set a new production record this year if the weather from now through the crop season is at least average.

Acreage on which the main farm crops will be planted or grown is expected to top the 1950 total by about 8 million. This would be 4 million acres below 1949, the year farm production reached a peak, but otherwise the highest since 1933.

Although crop acreage may not reach 1949 total, output of the livestock industry will be higher. As a result, total farm production for sale and consumption on the farm probably will rise above 1949.

Supplies of most foods in consumer markets have been large in recent months. The farm production in prospect means that they will continue so.

Supplies of most industrial products also have been large; in many cases, larger than before Korean war began. Despite expanding defense production, our factories have been turning out most consumer goods at record and near-record rates.

Later in the year, however, more of our raw materials will be channeled into manufacture of armaments. This will cause cutbacks in output of consumer industrial goods, particularly durables.

Prices have been more stable in the last few weeks and consumers appeared to be applying the brakes to their buying. In January and most of February, consumer purchasing had been about as heavy as last summer after the invasion of Korea.

In the next two or three months, large supplies and a slackening in consumer buying may take some of the upward push out of prices. Later, pressure on prices is likely to be renewed as consumer income increases and output of consumer goods declines.

Wholesale prices changed little in February and March after having risen sharply since June.

The index of prices received by farmers declined about 1 percent from mid-February to mid-March, the first loss since October. Sharp drops in many truck crops, moderate declines in food grains, dairy products and hogs were mainly responsible for the overall decline.

The index of prices farmers pay including interest, taxes and wage rates again set a new record in mid-March with a rise of $1\frac{1}{2}$ percent over mid-February. With prices received going down and prices paid rising, the parity ratio was off 2 points to 111.

Retail prices continued their upward trend in recent weeks but the rate of gain slowed down.

FARM INCOME Sales of farm products yielded \$6.4 billion to farmers in the first quarter of 1951, 16 percent more than in the same period last year. Farmers sold a smaller quantity but prices averaged 30 percent higher.

LIVESTOCK AND MEAT Central market prices of cattle, sheep and lambs moved higher in March after declining in February; at the end of March were at or near record levels. Hog prices were fairly stable in March and were well below 1948 record.

DAIRY PRODUCTS Costs of the concentrate ration for dairy cattle have risen a little more in the last year than farmers' prices for butterfat and about the same as the price for milk. In March, milk-feed price ratio was about equal to the 20-year average while the butterfat-feed ratio was 10 percent below average.

POULTRY AND EGGS In mid-March, egg prices to farmers averaged 43.7 cents a dozen, up 2.3 cents from February and 96 percent of parity. A year ago, prices averaged 31.6 cents a dozen, 72 percent of parity. With prices higher this spring than last, farmers may change their intentions of February 1, and as many or more chicks may be hatched for laying flock replacement. In February, they planned to reduce laying flock replacements 4 percent.

Placement of broiler chicks has been large since February. This will show up in increased marketings beginning in April.

FATS AND OILS Soybeans are the first farm product for which price ceilings have been set in farm markets, also the first for which dollar-and-cents ceilings have been established at any marketing level. In addition, specific price ceilings have been set for soybean, cottonseed and corn oils, tallow and grease, vegetable shortening and salad and cooking oils.

The ceiling price for a soybean producer is the ceiling price of the country elevator to which he usually delivers his beans minus elevator and handling charges.

According to farmers' plans of March 1, acreages of flaxseed this year will be down 4 percent, peanuts 5 percent and soybeans 6 percent. However, if cotton acreage should be about as recommended by USDA, total output of edible vegetable oils in 1951-52 would exceed current year.

FEEDS Market receipts of corn since October have been unusually heavy. Large quantities have been withdrawn from loan stocks and USDA holdings. Corn going under price support totaled only about 46 million bushels through February compared with 269 million in the same period last year.

Feed grain prices weakened a little in March but remain well above last spring. Strong demand for feed is expected to keep prices above a year earlier.

Farmers' planting plans of March 1 pointed to a 4 percent smaller total feed grain acreage than in 1950. Average yields on the intended acreage would result in a 6 percent smaller output of feed grains than last year.

WHEAT Farmers' prices for wheat dropped 9 cents last month and in mid-March averaged \$2.12.

In January and February when prices were enough above the loan to cover storage charges, a large quantity was redeemed by growers. As a result, the amount of non-government wheat in the carry-over next July 1 will be the largest since 1944.

Farmers plan to seed a fifth larger acreage to spring wheat than last year, according to March 1 intentions. This acreage plus the acreage already planted to winter wheat would total 9 percent larger than the 1950 acreage.

FRUIT With demand for processing strong, slight increases in prices of citrus fruits are expected in April and May. Apple prices are expected to decline, however, because of record stocks.

VEGETABLES Prices of most fresh vegetables in the next few months are expected to stay well above a year earlier. Acreage planted to most crops will be smaller than last year. Contracts for vegetables grown for canning and freezing call for substantially higher prices than last spring.

POTATOES About 15 percent fewer acres will be planted to potatoes than last year if growers carry out their plans of March 1. Such an acreage, with average yields, would produce a moderate surplus. With intended acreage, if yields are about as in 1949-1950, prices for 1951 crop probably will average well above those for the much larger 1950 crop, even though there is no price support program this year.

COTTON Demand for cotton continues strong. Mill consumption for the season through March 3 was 25 percent above same period last season. Prices farmers received for cotton averaged 42.73 cents in mid-March, compared with 41.75 the previous month.

WOOL Foreign and domestic wool prices are continuing upward. The U. S. farm price averaged \$1.19 per pound in mid-March, another new record. Prices are likely to remain high as world demand increases as the result of defense activities.

TOBACCO Farmers' plans on March 1 called for a 13 percent increase in the acreage of flue-cured tobacco and a 9 percent increase for burley over last year's harvested acreages. U. S. demand for the two cigarette types of tobacco is expected to continue strong. Export demand for flue-cured also is likely to be active. Stocks of American flue-cured abroad are relatively low and the dollar position of foreign countries has improved.

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